

[CLICK HERE FOR BOARD LETTER](#)

[CLICK HERE FOR CAO'S MEMO DATED 6-6-05](#)



Philip L. Browning  
Director

COUNTY OF LOS ANGELES  
**Child Support Services Department**



May 25, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**AUTHORIZATION FOR THE DIRECTOR OF CHILD SUPPORT SERVICES TO  
EXECUTE A MEMORANDUM OF UNDERSTANDING WITH THE STATE  
CHILD SUPPORT SERVICES DEPARTMENT  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Authorize the Director of the Child Support Services Department (CSSD) to execute a Memorandum of Understanding (MOU), a draft of which is provided as Attachment 1, with the State Department of Child Support Services (DCSS) that will enable the CSSD to obtain a federal match of funds extended to the Department as an incentive to maintain current child support services and to offset increased local costs.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

This action will allow the Director of the Child Support Services Department to execute a Memorandum of Understanding between the County of Los Angeles CSSD and the State Department of Child Support Services for the use of federal matching funds to continue the operation of the Los Angeles child support program without loss of staff or currently available resources allocated for this purpose. The MOU will allow CSSD to draw down an additional \$2.7 million to help defray the unavoidable cost increases incurred by the Department after two years of flat funding from the State, and maintain current staffing and child support service levels.

5770 S. Eastern Avenue, Commerce, CA 90040 (323) 890-9800

*"To Enrich Lives Through Effective And Caring Service"*

The MOU allows the Department to use \$1,400,000 of County funds to draw down \$2,718,000 in federal matching funds. However the MOU also requires the County to pay, from its general fund, any additional federal automation penalty resulting from the receipt of these funds. Despite the mandatory payment of the 30% federal penalty (\$815,000), the net potential gain to the Department is \$1,903,000. If the County does not pay the federal penalty of \$815,000 within 30 days prior to the date the State DCSS is required to pay its share of the federal fiscal year 2006 automation penalty to the Federal Government, the DCSS will reduce the State share of CSSD's allocation by \$2,398,000 in fiscal year 2006/2007. The County's payment of the penalty would be required in fiscal year 2006/2007.

It is therefore recommended that your Board approve the use of the additional \$2,718,000 by CSSD and the payment of the federal penalty of \$815,000 from the County general fund to avoid additional program losses by a further reduction in CSSD's fiscal year 2006/2007 allocation.

The Child Support Services Department's budget is comprised of 66% federal funds and 34% State funds. For the past two fiscal years, the Child Support Services Department's administration allocation to operate the program has been held constant. This flat funding followed a ten percent (10%) reduction in the Department's budget in fiscal year 2002/2003. Recent increased costs at the County level have resulted in a decrease in available funds for operating the County's child support program.

Authorization to sign the MOU is imperative to allow the Department to maintain existing, but previously reduced, staffing levels and services through the draw down of additional federal funds to be matched with the County funds pursuant to Section 28 of the Budget Act of 2004. The State Department of Child Support Services has required that all local child support agencies requesting additional federal funds enter the attached MOU, and has been granted federal budget authority for this purpose.

#### *Implementation of Strategic Plan Goals*

Maintenance of appropriate levels of staffing and child support services for the constituents of Los Angeles County aligns with Goal 5 of the County's Strategic Plan, and specifically, the assurance of the *well being of children and families*. Additionally, the drawing down of additional federal funds to continue the operation of the child support program supports service and workforce excellence, Goals 1 and 2, respectively.

### **FISCAL IMPACT/FINANCING**

Upon approval by your Board, the Director will execute the attached MOU with the State Department of Child Support Services requesting a federal match of almost \$2 for each dollar of County funds used by the Department. CSSD was allocated \$400,000 in Health Incentive Rollover Funds and \$1 million in Child Support Collection Incentive Funds, for a total of \$1.4 million, in this budget year. The Department seeks \$2,718,000 in federal matching funds for use of \$1.4 million in County child support collection offset funds. These resources will allow for the maintenance of current levels of child support services through the fiscal year 2004/2005.

As a condition of obtaining the federal matching funds, the County must pay, from its General Fund, the corresponding increased cost of the federal automation penalty. This federal automation penalty is calculated as 30 percent (30%) of the federal share of child support program expenditures for the prior federal fiscal year. The MOU provides the option of either paying the penalty outright or reducing local child support agency's allocation of state general funds for state fiscal year 2006/2007. If the County chooses to pay the penalty, the impact to the County General Fund will be \$815,000. Should the County choose not to pay the penalty, the amount of \$2,398,000 will be deducted from CSSD's allocation in fiscal year 2006/2007. Hence, the payment of the penalty best serves the interest of the County, and would result in the net gain to the Department of \$1,903,000.

### **FACTS AND PROVISIONAL/LEGAL REQUIREMENTS**

The Department's request for additional federal financial participation funds is made pursuant to Section 28 of the Budget Act of 2004. The request by DCSS for additional federal funds under Section 28 of the Budget Act has been approved. All local child support agencies interested in using additional federal funds are required to pay any additional penalty amounts associated with the increased actual expenditures.

### **IMPACT ON CURRENT SERVICES**

Should authorization not be provided for the Director to sign the attached MOU, the Child Support Services Department may be required to reduce its workforce and the level of child support services currently provided to the public. This result will occur immediately.

Board of Supervisors  
May 25, 2005  
Page 4

**CONCLUSION**

Your Board's approval of the recommended action will authorize the Director to execute the attached MOU with the State Department of Child Support Services and maintain the services provided to the children and families of Los Angeles.

Respectfully,



**PHILIP L. BROWNING**  
Director

PLB:LG:lm

Attachment

c:     Executive Officer, Board of Supervisors  
          Chief Administrative Officer  
          County Counsel

MEMORANDUM OF UNDERSTANDING  
BETWEEN  
CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES  
AND  
\_\_\_\_\_ COUNTY DEPARTMENT OF CHILD SUPPORT SERVICES

I. Recitals

- A. The California Department of Child Support Services (DCSS) is the single state agency responsible for administering the California child support program pursuant to Title IV-D of the Social Security Act.
- B. \_\_\_\_\_ County Department of Child Support Services is the local child support agency (LCSA) responsible for administering child support services pursuant to state and federal law, and DCSS policy direction.
- C. DCSS provides 66% federal funds and 34% state funds to LCSA for its operation and administration of the local child support program.
- D. LCSA desires to increase the 66% federal fund amount allocated to it by DCSS for state fiscal year (SFY) 2004/05. DCSS must obtain additional expenditure authority in order to satisfy LCSA's request.
- E. DCSS is paying substantial penalties to the federal government for failure to have a single statewide automated system for child support enforcement. The penalties are based upon the annual federal expenditure for California's child support program. Increasing the expenditure in accordance with LCSA's request will increase the federal automation penalty by 30% of the amount requested. State general funds will not be appropriated to pay the increased penalty.
- F. This Memorandum of Understanding between DCSS and LCSA sets forth the agreement, rights, and responsibilities of the respective parties to acquire the additional federal funds on behalf of LCSA without incurring a liability or expenditure of state general funds. DCSS will absorb any administrative expenditures incurred to distribute these funds, and will not use these funds for its operations.

II. Agreement

- A. LCSA requests that DCSS obtain for LCSA \$\_\_\_\_\_ of federal funds.
- B. DCSS will request authorization to obtain \$\_\_\_\_\_ in federal funds pursuant to Section 28 of the 2004/05 Budget Act.

ATTACHMENT I

- C. LCSA will provide \$\_\_\_\_\_, which represents the 34% match to the 66% federal funds. State general funds will not be provided by DCSS for any part of the 34% matching funds, and DCSS shall not incur any liability in relation to the 34% match.
- D. LCSA will pay the additional federal automation penalty resulting from its receipt of the federal funds; this amount is estimated to be \$\_\_\_\_\_. No portion of federal funds received may be used to pay the automation penalty. State general funds received may not be used to pay the automation penalty. Payment of the automation penalty shall be made as follows:
1. Consistent with the schedule of the federal penalty payment, the LCSA shall pay to DCSS the full amount of the additional federal automation penalty no later than 30 days prior to the date DCSS is required to pay the FFY 2006 automation penalty to the federal government. DCSS will provide LCSA notice 60 days prior to the date that payment of the additional automation penalty by LCSA is due to DCSS.
  2. If LCSA does not pay to DCSS the full amount of the additional federal automation penalty within 30 days prior to the date DCSS is required to pay the FFY 2006 automation penalty to the federal government, LCSA understands and agrees that DCSS will reduce the LCSA allocation of state general funds for state fiscal year 2006/07 in the amount of the unpaid automation penalty.
- E. This Memorandum of Understanding constitutes the entire agreement between the parties. This Memorandum of Understanding may be amended only by written agreement signed by both parties.
- F. The Director of LCSA certifies by signature below that he/she has the authority to enter into this agreement; that such authority includes the actions to either make the additional federal penalty payment from ~~separate funding sources~~ other than State general or federal funds, or in the alternative to allow DCSS to reduce LCSAs allocation.

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_  
GRETA WALLACE  
Director, Dept. of Child Support Services

\_\_\_\_\_  
DIRECTOR  
Local Child Support Agency





County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.co.la.ca.us>

Exec. Office

DAVID E. JANSSEN  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

June 6, 2005

To: Supervisor Gloria Molina, Chair  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

**CHILD SUPPORT SERVICES DEPARTMENT – EXECUTION OF A MEMORANDUM  
OF UNDERSTANDING WITH THE STATE DEPARTMENT OF CHILD SUPPORT  
SERVICES (AGENDA ITEM #21 OF JUNE 7, 2005)**

The Child Support Services Department (CSSD) is requesting approval for the Director to execute a Memorandum of Understanding (MOU) with the State Department of Child Support Services (MOU). This MOU is required by the State in order to draw down \$2.7 million in federal funding already budgeted in the department's Fiscal Year (FY) 2004-05 budget.

Background

During the development of the FY 2004-05 budget, CSSD had a budget shortfall from a combination of salary and employee benefit increases and other cost increases that would have required them to lay off staff and significantly reduce expenditures because the State failed to increase their allocation to cover these cost increases.

The County agreed to recognize a portion of the revenue that CSSD collects that has been used to defray public assistance costs in the Assistance Budgets of the Department of Public Social Services and the Department of Children and Family Services to serve as an incentive for the department to continue a strong collection effort. This County incentive, along with a federal match of \$2.7 million, enabled CSSD to avoid layoffs and other severe reductions.



On January 13, 2005 (more than six months into the fiscal year), the State Department of Finance (DOF) indicated it was unwilling to process a request (referred to as a Section 28 request) to draw down the additional federal revenue due to the State's liability for increased federal penalties from their failure to implement a statewide automation system. The DOF had not raised this as a concern in prior years and the State had picked up any penalty cost increases. Failure of the State to move forward with the Section 28 request would have meant that CSSD had to reduce its budget by \$4 million in less than six months and layoff up to 200 staff.

Ultimately, on February 7, 2005, CSSD was notified that an agreement had been reached with DOF that would allow for the state to move forward with the Section 28 request for federal funds, but would require a formal agreement with counties on the payment of the penalty. The MOU, as presented, provides the Board with two options:

- 1) Pay a lump sum payment equal to the increased federal penalty estimated at \$815,000 due in FY 2006-07; or
- 2) See a reduction in the CSSD's allocation of \$2.4 million in FY 2006-07.

The Board does not have to decide on an option until the FY 2006-07 County budget when the penalty will be paid. This MOU must be signed and submitted to the State before June 15, 2005 in order to be included in the Section 28 request and we recommend your Board approve the execution of this MOU. When the penalty becomes due in FY 2006-07, we will work with CSSD and return to your Board with a recommendation for addressing the cost impact.

Please call me if you have any questions, or your staff may contact Debbie Lizzari of my office at (213) 974-6872.

DEJ:SRH  
DL:alc  
I:Section28.bm

c: County Counsel  
Auditor-Controller  
Executive Office, Board of Supervisors  
Child Support Services Department  
Department of Public Social Services